

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 MADRID 1883

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E.O. 11652: XGDS-1
TAGS: PFOR, PINT, SP
SUBJECT: IMPLICATIONS OF THE PSOE-H LEGALIZATION

REF: A. MADRID 1559; B. MADRID 1496

SUMMARY AND CONCLUSIONS: THE CONTROVERSIAL LEGALIZATION OF THE "HISTORICOS" SOCIALIST FACTION UNDER A LABEL (PSOE-H) ALMOST IDENTICAL TO THE FELIPE GONZALEZ LED, WEST EUROPEAN RECOGNIZED PSOE IS THE TIP OF A POLITICAL ICE-BERG. THE ROLE OF SUAREZ (AND PERHAPS THE KING) IS NOT CLEAR. SUAREZ PROBABLY APPROVED THE LEGALIZATION BUT PROBABLY NOT, WE THINK, THE ENTIRETY OF THE POLITICAL OPERATION TO WHICH IT IS LINKED. AND, IN THIS DECISION WHICH LED TO AN OPEN BREAK IN THE HITHERTO RATHER GOOD RELATIONSHIP BETWEEN THE PRIME MINISTER AND GONZALEZ, A DEGREE OF MISCALCULATION APPEARS INVOLVED ON THE PART OF BOTH GOS AND PSOE. AFTER EXTENSIVE CONVERSATIONS, WE HAVE PUT TOGETHER A TENTATIVE PICTURE, BUT ONE THAT IS ADMITTEDLY FUZZY WITH RESPECT TO HOW FAR SURAEZ, WHO SO FAR HAS SHOWN A SURE SENSE OF THE PERMANENT INTERESTS OF THE POLITICAL PROCESS, HAS GONE ALONG WITH THE SPECIFIC POLITICAL OPERATION DESIGNED
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TO GET HIM TO FAVOR WITH HIS LEADERSHIP A PARTICULAR POLITICAL GROUP, A CENTER LEFT ALLIANCE AIMED AT NOT ONLY THE ALIANZA POPULAR AND THE PSOE, BUT AT THE CENTRO DEMOCRATICO AND THE CHRISTIAN DEMOCRATS AS WELL.
--THE OPERATION, INTIMATELY LINKED TO THE INTERIOR MINISTRY'S REVERSAL OF ITS EARLIER STANCE NOT TO LEGALIZE THE PSOE-H UNDER THAT LABEL APPARENTLY AIMS AT GROUP-

ING TWO POLITICAL FORCES, THE "OUTSIDER" SOCIAL DEMOCRATS, THE PSOE-H AND THE LASUEN, CANTANERO AND GARCIA LOPEZ GROUPS TOGETHER WITH THE NEWLY-FORMED FRENTE SOCIAL INDEPENDIENTE (FSI) OF REFORMERS FROM THE FRANCO REGIME LINKED WITH INTERIOR MINISTER MARTIN VILLA. THE IDEA, ACCORDING TO SEVERAL PARTICIPANTS, IS TO PUSH THE PSOE FARTHER LEFT AND INTO THE HANDS OF THE PCE (WHERE THEY SAY IT WILL GO ANYWAY) SO THAT THEIR ALLIANCE CAN DOMINATE THE MODERATE LEFT ELECTORATE AND ALSO TO ENTICE ADOLFO SUAREZ TO BECOME ITS LEADER, THEREBY REDUCING THE CABANILLAS/AREILZA LED CENTRO DEMOCRATICO TO SECOND FIDDLE IN THE CENTER. NONE OF THIS SITS WELL WITH FRAGA'S ALIANZA POPULAR (WHICH APPEARS CERTAIN TO LOSE SEATS IF SUAREZ RUNS ANYWHERE) NOR THE CENTRO DEMOCRATICO WHOSE OWN PRETENSIONS TO BE THE LEADING PARTY IN THE CENTER COULD BE DASHED THEREBY. --IN TURN, SOURCES LOYAL TO SUAREZ SAY THAT HE REMAINS MUCH MORE INTERESTED IN THE CREDIBILITY OF THE PROCESS THAN IN ANYONE'S PARTICULAR POLITICAL FORMULA. THOUGH THE BETTING VARIES FROM DAY TO DAY, THEY HAVE SAID THAT HIS DECISION ON WHETHER TO RUN, LET ALONE THE QUESTION OF HOW AND WITH WHOM TO RUN, REMAINS UP IN THE AIR. HE REPORTEDLY TRIED TO COOL DOWN THE PSOE BY SENDING WORD THAT HE HAD INCLINED AGAINST PSOE-H LEGALIZATION AND BLAMED MARTIN VILLA AND CORTES PRESIDENT FERNANDEZ MIRANDA, BUT THE PSOE REFUSED TO BUY THIS, THOUGH IT BACKED AWAY FROM THE IMPLICATIONS OF AN ATTACK ON THE MONARCHY UNDER PRESS CRITICISM AND, WE BELIEVE, GERMAN SPD PRODDING. THE PSOE NOW CLAIMS

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SUAREZ IS ENDANGERING THE CREDIBILITY OF THE PROCESS AND, HENCE, THE MONARCHY BY ACCEPTING A MANEUVER DESIGNED TO CONFUSE THE ELECTORATE AND IMPOSE A GOVERNMENT PARTY; THE PSOE THEARTENS TO BOYCOTT THE ELECTIONS SHOULD SUAREZ ACTUALLY LEAD THIS CENTER-LEFT OPERATION.

--WE UNDERSTAND THE WEST GERMAN SPD HAS BEEN LESS THAN HAPPY WITH THE PSOE'S RHETORIC ON THIS ISSUE, BUT A SOCIALIST INTERNATIONAL FIGURE (THE SWEDISH CARLSSON) STATED THAT A GOVERNMENT OPERATION OF THE DIMENSIONS ENVISAGED BY ITS PROMOTORS WOULD CALL INTO QUESTION THE DEMOCRATIC BONA FIDES OF THE ELECTION. END SUMMARY AND CONCLUSIONS.

1. THE RASHOMON-LIKE STORY OF THE LEGALIZATION OF THE PSOE "HISTORICAL" FACTION HAS AS MANY VERSIONS AS IT HAS INTERESTED PARTIES, BUT FUNDAMENTALLY HAS TO DO WITH EFFORTS AT POLITICAL ENGINEERING. ACCORDING TO VARIOUS SOURCES. THE PUBLIC RECORD SHOWS THAT THE INTERIOR

MINISTRY, AFTER KEEPING THE "HISTORICAL" APPLICATION FOR
LEGALIZATION UNDER THE OLD PROCEDURE ON THE SHELF FOR
MONTHS, RETURNED THE APPLICATION OF THE "HISTORICOS"
UNDER THE NEW LAW IN ORDER TO BE SURE GONZALEZ'S PSOE
WOULD GET LEGALIZED FIRST. THIS BROUGHT HIGHLY PUBLIC-
IZED CRIES OF FOUL FROM THE "PSOE-H" SECGEN
MURILLO WHO ACCUSED THE PRIME MINISTER OF HAVING MADE
A "PACT OF MONCLOA, WITH GONZALEZ. A FEW DAYS LATER,
INTERIOR MINISTER MARTIN VILLA GRANTED LEGALIZATION
(UNDER THE PSOE-H LABEL), AND A HIGHLY PUBLICIZED AUDI-
ENCE TO MURILLO, WHO ALSO MET OSTENTATIVELY WITH
CORTES PRESIDENT FERNANDEZ MIRANDA. AT THE SAME TIME, THE REFORM-
IST FROM THE FRANCO REGIME ASSOCIATED WITH MARTIN VILLA PUT
TOGETHER A FRENTE SOCIAL INDEPENDIENTE (FSI) PARTY. PARTY
DESIGNED TO AMALGAMATE WITH THE CENTER-LEFT "OUTSIDERS" GROUPING
NOW CALLED THE UNION DE CENTRO IZQUIERDA (UCI) COMPRISING THE
PSOE-H, THE FSD OF LASUEN AND THE PSD OF GARCIA LOPEZ. NOT ONLY
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THE PSOE, BUT THE CONSERVATIVE ALIANZA POPULAR, WHICH CARES NAUGHT
FOR THE PSOE, ALSO PROTESTED THE ACTION AS A MEXICAN STYLE OPERA-
TION, AN EFFORT TO BUILD AN ALLEGEDLY "OFFICIAL" PARTY. THE PSOE
ALSO SEEKS LEGAL REVERSAL OF THE PSOE-H REGISTRATION, ASKING
THAT IT BE REGISTERED UNDER SOME OTHER NAME BUT NOT ONE SO CLOSELY
TO ITS OWN. THE PSOE HAS NOW BACKED OFF FROM ITS SHRILL RHETORIC,
PARTICULARLY WITH RESPECT TO THE MONARCHY, BUT NOT FROM ITS
ANALYSIS THAT THE OPERATION IS AIMED DIRECTLY AT THE PSOE. IT
PORTRAYS SUAREZ AS ENDANGERING THE MONARCHY BY INVOLVING HIMSELF
IN AN OPERATION TO PUT THE SOCIALISTS IN THE GHETTO AND CREATE AN
OFFICIAL PARTY.

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2. THE INTERIOR MINISTRY TAKES THE POSITION, WITH SOME REASON, THAT DESPITE THE PROVISION IN THE LAW THAT PROHIBITS REGISTERING PARTIES WITH ALMOST IDENTICAL NAMES THE PSOE-H'S LONG SUPPORT FOR SUAREZ AND LONG-STANDING APPLICATION FOR REGISTRATION MORALLY OBLIGATED THEM TO REGISTER THE PSOE-H AND THAT IT IS UP TO THE COURTS TO FINALLY DECIDE THE LABEL. BE THAT AS IT MAY, KEY INTERIOR MINISTRY OFFICIALS HAVE LONG HELD THE THESIS THAT THE PSOE (BECAUSE OF ITS RADICAL BASE AND RHETORIC) IS IRREDEEMABLY LEFT AND SHOULD, IN A FORM OF SELF-FULFILLING PROPHECY, BE CON-SIGNED TO THE LEFTIST GHETTO WITH THE PCE, OPENING A WEDGE FOR A SOCIAL DEMOCRATIC GROUP TO ATTRACT MORE VOTERS. THE MINISTRY ALSO DENIES THE PSOE ALLEGATION THAT MARTIN VILLA PROMISED THEM EXPLICITLY HE WOULD NOT LEGALIZE THE HISTORICOS UNDER A PSOE LABEL. BUT A SOURCE CLOSE TO THE PRIME MINISTER, EVEN THOUGH DEFENDING THE PSOE-H LEGAL-IZATION AS INEVITABLE, SAID THAT HE UNDERSTOOD MARTIN VILLA HAD IN EFFECT TOLD THE PSOE NOT TO WORRY ABOUT THE PROBLEM, A SOURCE OF CONSIDERABLE MISUNDERSTANDING IN HIS JUDGEMENT.

3. OTHER ACTORS HAVE BEEN MORE EXPLICIT. THE PSDE'S GARCIA LOPEZ TOLD US PRIVATELY (AND TO HOW MANY OTHERS?)
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THAT HE HAD PERSONALLY HELPED PURSUADE THE KING (HENCE THE FERNANDEZ MIRANDA ANGLE) TO INTERVENE TO GET SUAREZ TO RUN AND THAT SUAREZ WOULD LEAD A TRIUMPHAL CENTER-LEFT GROUP. LASUEN, IN A SEPARATE CONVERSATION, SAID THAT WHILE SUAREZ WOULD NOT MAKE KNOWN HIS DECISION RIGHT AWAY, HE WOULD HAVE TO RUN AS THE LEADER OF THE CENTER-LEFT, RELEGATING THE CENTRO-DEMOCRATICO (WHERE AREILZA TROUBLED THE KING, HE SAID) TO A SECONDARY POSI-TION ON THE CENTER (WITH JUSTICE MINISTER LAVILLA STEP-PING DOWN TO TAKE A HAND IN THE FLAGGING FORTUNES OF THE CENTRO AND THE CHRISTIAN DEMOCRATS FINALLY COMING IN.) BETWEEN THE SUAREZ LED CENTER LEFT AND THE SMALLER CENTRO DEMOCRATICO THEY WOULD RUIN BOTH THE ALIANZA POPULAR AND THE PSOE, CREATING AN HONEST, RESPONSIBLE CENTER UNDER SUAREZ'S LEADERSHIP. LASUEN SAID HE HAD ONCE HOPED THE PSOE WOULD WELCOME SOCIAL DEMOCRATS INTO THE LEADERSHIP, BUT SINCE THEY HAD NOT, THE PSOE HAD TO BE CUT DOWN, SINCE HE CLAIMED THEY WOULD MAKE COM-MON CAUSE WITH THE PCE AFTER ELECTIONS. A SUAREZ-LED

CENTER LEFT WOULD HOLD THE PLURALITY AND ATTACKS, NOT ON THE PSOE RADICALS BUT ON THE GONZALEZ/MUGICA LEADERSHIP AND WOULD DAMAGE THE PSOE, SO THAT AFTER THE ELECTIONS THE GERMAN SPD WOULD ABANDON ITS SUPPORT OF THEM. THE PSOE-H'S MURILLO, THOUGH LESS EXPLICIT, PARTICULARLY ABOUT THEIR HOPES FOR SUAREZ TO LEAD, INDICATED MUCH THE SAME THING TO US, AN OPERATION TO TURN THE OUTSIDERS INTO INSIDERS AND DESTROY THE PSOE.

4. THE PSOE (MUGICA AND YANEZ) PRIVATELY TELL US THEY DO NOT TRUST SUAREZ'S ASSURANCES AND HOLD HIM RESPONSIBLE FOR THE OPERATION. THEY HAVE ADJUSTED THEIR RHETORIC TO SAY THAT SUAREZ, BY SEEKING TO IMPOSE AN ELECTORAL SOLUTION, IS IMPERILING THE CREDIBILITY OF THE PROCESS AND HENCE, THE MONARCHY. THEY SAY THEY ARE TRYING TO GET THE KING TO INTERVENE, IN HIS OWN INTERESTS AS THEY PERCEIVE IT, TO INSURE THAT SUAREZ DOES NOT LEAD

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A CENTER-LEFT OPERATION AGAINST THEM AND TO ARRANGE IN SOME FASHION THAT THE PSOE-H BE LEGALIZED UNDER SOME OTHER NAME. IF NOT, THEY THREATEN TO BOYCOTT THE ELECTIONS AS RIGGED AND CAST DOUBT IN WESTERN EUROPEAN SECTORS UPON THE CREDIBILITY OF THE SPANISH DEMOCRATIC PROCESS. IN CONTRAST, THEY WERE NOT TROUBLED BY THE QUIET SPONSORSHIP OF OTHER GOS ELEMENTS OF THE CENTRO DEMOCRATICO SINCE IT WAS NOT AIMED AT THE PSOE'S JUGLAR. THOUGH THERE IS A HINT OF A WILLINGNESS TO REACH A DETENTE WITH SUAREZ, THE PREVIOUS SUAREZ/GONZALEZ RELATIONSHIP HAS BEEN DAMAGED.

5. DESPITE THE SYMMETRY OF VIEWS ABOUT SUAREZ'S ROLE EXPRESSED BY THE ANTAGONISTS, IT IS NOT ALL CLEAR THAT HE HAS BEEN SO INVOLVED. ONE OF SUAREZ'S IMPORTANT POLITICAL OPERATIVES DEFENDED THE PSOE-H'S LEGALIZATION PER SE BUT IMPLIED TO US THAT MARTIN VILLA AND THE "OUTSIDERS" HAD ATTEMPTED TO PREEMPT THE POLITICAL GAME FOR THEMSELVES AND THAT SUAREZ WAS NOT NECESSARILY BUYING. THE PRINCIPAL ISSUE REMAINED THE CREDIBILITY OF THE MONARCHY TO BE ACHIEVED BY FREE, CLEAN ELECTIONS. PERHAPS SUAREZ SHOULD RUN, PERHAPS HE SHOULDN'T BUT HIS DECISION WOULD BE COUCHED IN A FASHION THAT PROTECTED THESE PRINCIPAL GOALS. ANOTHER OFFICIAL, LOYAL TO SUAREZ AND CLOSE TO FIRST VICE PRESIDENT, LT. GEN. GUTIERREZ MELLADO, HOPED SUAREZ WOULD STAY ABOVE THE BATTLE AND AN INTERIOR MINISTRY OFFICIAL, WHO WANTS SUAREZ TO RUN, TOLD US A FEW DAYS AGO SUAREZ HAD REVERSED HIMSELF AND WAS INCLINED NOT TO RUN (MADRID 1962).

6. IN SUM, DESPITE THE HOPES OF SOME AND THE FEARS OF

OTHERS, WE DOUBT THIS OPERATION IS AS SOLIDY BASED AS ITS PROMOTORS HAVE CLAIMED. A STRATEGY ALONG THE LINES THEY ADVOCATE SMACKS OF SHORT TERM GAINS AND LONG TERM LOSSES, PARTICULARLY IN TERMS OF CREDIBILITY AND LEGITIMACY FOR THE PROCESS. AS WE NOTED IN REF, THE
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DECISION ON WHETHER SUAREZ SHOULD RUN IS FINELY BALANCED. HE MAY. BUT WE JUDGE THAT IF HE DOES HE WILL PICK A WAY THAT DOES NOT SO CLEARLY FAVOR ONE FACTION AT THE EXPENSE OF ALL THE OTHERS (INCLUDING THE CENTRO DEMOCRATICO, ALSO BACKED BY SOME OF HIS OWN MINISTERS) NOR THREATEN THE PSOE TO SUCH AN EXTENT THAT THE PROCESS IS CALLED INTO QUESTION HERE AND IN EUROPE. AND MUCH OF THE PRESS, AFTER CRITICIZING THE PSOE'S SHRILLNESS, HAS NOW BEGUN TO WARN AGAINST AN "OFFICIAL" PARTY. IN RESPECT OF THE EUROPEANS, THE GERMAN EMBASSY HAS TOLD US IN CONFIDENCE THAT MATHOFFER, THE SPD'S MINISTER OF TECHNOLOGY, MADE A FLYING TRIP TO SPAIN TO TELL GONZALEZ, AMONG OTHER THINGS, THAT HE WAS TAKING ON TOO MANY ENEMIES, PRESUMABLY HELPING LEAD TO THEIR CHANGE OF TACTICS. BUT THE SPD, DESPITE REAL CONCERNS ABOUT PSOE MATURITY, HAS SHOWN NO INCLINATION TO ABANDON IT AND CARLSSON, (SWEDISH) SECRETARY GENERAL OF SOCIALIST INTERNATIONAL, CRITICIZED PUBLICLY IN MADRID ALLEGED GOS TAMPERING. EATON

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